

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	CIVIL ACTION FILE
)	NO. 1:13-CV-01817-WSD
v.)	
)	
DETROIT MEMORIAL PARTNERS, LLC)	
and MARK MORROW,)	
)	
Defendants.)	

**RECEIVER’S QUARTERLY STATUS REPORT FOR THE
THIRD QUARTER OF 2016**

Pursuant to the Court’s Order Appointing Receiver [Doc. 51], Jason S. Alloy, the Court-appointed Receiver for Detroit Memorial Partners, LLC (“DMP”), hereby files the Receiver’s Quarterly Status Report for the **Third Quarter of 2016**.

QUARTERLY STATUS REPORT

I. Summary of the Operations of the Receiver.

During the Time Period, the Receiver’s efforts were focused on preparing and finalizing his Motion to Approve Plan of Distribution, and Brief in Support [Doc. 166]. In preparing the motion, the Receiver reviewed previous distribution plans filed in other SEC receiverships in the Northern District of Georgia and

weighed options for how to structure the distribution process. The Receiver and his counsel then drafted the plan based on his records and the records submitted with claimants with their Proof of Claim Declarations, and built the spreadsheet attached to the plan as Exhibit 1 [Doc. 166-1].

After the motion and brief were filed, the Receiver and his counsel spent a substantial amount of time answering questions from claimants and their representatives, and resolving claimant issues amicably without the necessity of involving the Court with formal objections. The Receiver has reported these efforts to the court in two amendments to the motion and brief. [*See generally* Docs. 169 and 175.]

Two objections to the plan were filed, one by the Summit Wealth Management Receiver Robert Terry [Doc. 172], and the other by debt holder claimant Leonard Walter [Doc. 171]. The Receiver filed responses to both objections [Doc. 174, 180], and the objections were heard by the Court on October 18, 2016. The Plan and the two objections thereto are currently pending with the Court.

II. Amount of Cash on Hand, Amount and Nature of Accrued Administrative Expenses, and Amount of Unencumbered Funds in the Estate.

As reflected in the Schedule of Receiver's Receipts and Disbursements, Third Quarter 2016 (attached hereto as Exhibit A), DMP's total cash on hand at the close of the quarter was \$13,034,556.73. The Receiver is unaware of any additional unencumbered funds in the estate at this time.

DMP's accrued expenses for the Time Period are (1) \$72,112.84 in attorneys' fees and expenses from the Robbins Firm, and (2) \$7,382.25 in fees and expenses from Dykema. DMP's total accrued expenses for the Time Period are \$79,495.09. The Receiver will file an Application for Compensation and Reimbursement of these Expenses on or before November 14, 2016 in accordance with the Order Appointing Receiver.

III. Schedule of All the Receiver's Receipts and Disbursements (Attached as Exhibit A to the Quarterly Status Report), with One Column for the Quarterly Period Covered and a Second Column for the Entire Duration of the Receivership.

See Schedule of Receiver's Receipts and Disbursements, for Third Quarter 2016 (attached hereto as Exhibit A).

IV. Description of All Known Receivership Property, Including Approximate or Actual Valuations, Anticipated or Proposed Dispositions, and Reasons for Retaining Assets Where No Disposition Is Intended.

A complete description of the assets in the Receivership Estate was provided in the Accounting filed on February 21, 2014. [Doc. 73.] The assets at the close of the Time Period were the cash on hand totaling \$13,034,556.73, plus the value of DMP's rights under the earn-out provision in the Stock Purchase Agreement with Park Lawn.

Under the terms of the earn-out provision, DMP is entitled to receive additional cash consideration if MMG meets certain earnings benchmarks (defined in the Agreement) in the years 2016, 2017, and 2018. Under the terms of the earn-out, DMP may elect to receive not less than 10% but up to 100% of its share of the earn-out for the 2016 calendar year. DMP may elect to receive not less than 33% but up to 100% of its share of the earn-out for the 2017 calendar year. For the 2018 year, DMP will receive the remaining percentage of its share of the earn-out. Ultimately, while DMP has a minimum percentage of the earn-out that it must elect to receive for years 2016 and 2017, DMP could opt to accelerate the earn-out in either of those years.

Regarding anticipated dispositions, see the Receiver's Motion to Approve Plan of Distribution, and Brief in Support, plus the Receiver's two subsequent

amendments, which set forth in detail the dispositions proposed by the Receiver.

[Doc. 166, 169 and 175.]

V. Description of Liquidated and Unliquidated Claims Held by the Receivership Estate, Including the Need for Forensic and/or Investigatory Resources; Approximate Valuations of Claims; and Anticipated or Proposed Methods of Enforcing Such Claims (Including Likelihood of Success in: (i) Reducing the Claims to Judgment; and, (ii) Collecting Such Judgments).

The Receiver has analyzed the potential claims that DMP may currently have against third parties, and all claims that third parties may have against DMP. The Receiver has not identified any additional claims for which the potential benefits to DMP's creditors and its likelihood of success on the merits outweigh the anticipated costs of litigation.

VI. List of All Known Creditors with Their Addresses and the Amounts of Their Claims.

The Receiver submitted an updated schedule of all DMP claimants who properly submitted claims to the Receivership with his Second Amendment to Motion to Approve for Plan of Distribution. [Doc. 175-1.]

VII. Status of Creditor Claims Proceedings, After Such Proceedings Have Been Commenced.

The Receiver sent claim forms to potential claimants on August 15, 2014, with responses due by November 14, 2014. The Receiver filed his Motion to Approve Plan of Distribution with the Court on August 30, 2016. Objections were

due by October 7, 2016, and a hearing on those objections was held on October 18, 2016. The Receiver is prepared to move forward with the payment of claims upon the Court's approval of the Plan.

VIII. Receiver's Recommendations for a Continuation or Discontinuation of the Receivership and the Reasons for the Recommendations.

The Receiver recommends that the Receivership proceed so that the Court may issue a ruling on the Motion to Approve Plan of Distribution and, if the Plan is accepted, the Receiver may begin paying outstanding claims.

Respectfully submitted this 31st day of October, 2016.

/s/ Jason S. Alloy _____

Jason S. Alloy

Georgia Bar No. 013188

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*Appointed Receiver for Defendant
Detroit Memorial Partners, LLC*

LOCAL RULE 7.1D CERTIFICATION

I hereby certify that the foregoing **RECEIVER'S QUARTERLY STATUS REPORT FOR THE THIRD QUARTER OF 2016** was prepared in Times New Roman 14 point, which is one of the font and point selections approved by the Court under Local Rule 5.1B.

This 31st day of October, 2016.

/s/ Jason S. Alloy

Jason S. Alloy

CERTIFICATE OF SERVICE

I hereby certify that on this day, I electronically filed the foregoing **RECEIVER'S QUARTERLY STATUS REPORT FOR THE THIRD QUARTER OF 2016** with the Clerk of Court using the CM/ECF system, which will send email notification of such filing to all attorneys of record. The foregoing was also personally served by email and certified U.S. Mail on Defendant Mark Morrow at the following addresses.

Mark Morrow
8643 Twilight Tier
Cincinnati, Ohio 45249
mmorr7887@aol.com

This 31st day of October 2016.

/s/ Jason S. Alloy
Jason S. Alloy